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SIPDIS

SENSITIVE

WHA FOR A/S ROGER NORIEGA, PDAS DERHAM, WHA/BSC
NSC FOR TOM SHANNON
USCINCSO FOR POLAD

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SUBJECT: CODEL DODD MEETS WITH PRESIDENT KIRCHNER

REF: SECSTATE 10956

11. (SBU) Summary: President Kirchner told Codel Dodd that Argentina appreciated President Bush,s and the U.S.,s help and understanding the past few months. Kirchner reiterated his support for President Mesa and Bolivian democracy. He counseled engaging with Chavez rather than isolating him. Kirchner reaffirmed Argentina,s desire to integrate itself in the world economy and said U.S. capital had open doors in Argentina. The Codel praised Kirchner for Argentina,s economic recovery and thanked him for the GOA,s cooperation on the War on Terrorism and its decision to deploy troops in Haiti. The meeting was cordial and productive. End Summary.

12. (SBU) On January 13, Senators Christopher Dodd (D-Conn), Bill Nelson (D-Fla) and Lincoln Chafee (R-RI), accompanied by Ambassador Lino Gutierrez, called on President Nestor Kirchner at the Casa Rosada. GoA Minister of the Presidency Alberto Fernandez, GoA Consul General in New York Hector Timerman, and local businessman Julio Werthein also sat in.

The Economy

13. (SBU) After initial pleasantries were exchanged, Senator Dodd congratulated President Kirchner for his handling of the Argentine economy. Dodd said it was almost incredible how the Argentine economy had bounced back after the 2001-2002 crisis. Kirchner said the whole crisis had been incredible and extremely painful for Argentina. Had Argentina followed IMF prescriptions after the default, "we would have uncontrolled social problems," he affirmed. Instead, Argentina opted for a "gradual" policy that has achieved results. IMF policies have to be revisited "there has to be comprehension." "We are still in hell, but we are gradually getting out," he added.

14. (SBU) Expressing optimism for the future, Kirchner explained: "Argentina is potentially a powerful country ... we are not a Peru. In ten years, we will be an important reference point in the region." Kirchner stressed that Argentina now had a fiscal surplus, and its well-targeted social policies had avoided a social explosion. Tax collections have increased as well. As to the more than forty percent of Argentines who are below the poverty line, Kirchner noted that Argentina measures poverty rates differently than others. "A poor Argentine would be lower middle class in Brazil or Chile."

15. (SBU) Important challenges remain. Kirchner mentioned controlling inflation as a priority. The energy problem has to be dealt with. There has to be more investment and training for the work force. Of course, the debt issue looms large. "Yesterday we launched our debt offer," he observed, and said that the offer was "the best that Argentina can do" at this time.

16. (SBU) Kirchner predicted that Argentina would earn the world,s confidence and become a "predictable" nation in time. "We want to integrate ourselves to the world," he assured. "We want to be a serious country." Kirchner thanked the United States and President Bush for their support for Argentina during difficult moments. He said U.S. capital was welcome in Argentina. "We have never had a strange (i.e., corrupt) proposal from a U.S. company," he boasted. "As I told the president of General Electric yesterday, we mean to fight corruption in Argentina, and U.S. companies have open doors," he stressed.

Terrorism

17. (SBU) Senator Dodd also thanked Kirchner for his country,s cooperation in the fight against international terrorism. He related that the Codel had visited Iguazu and had received briefings from Argentine law enforcement authorities. Kirchner said Argentina is "overwhelmed" because of the length of its borders. "We need radars ...

Paraguay is a problem," he said, although President Duarte is an improvement over his predecessors. Smuggling is a way of life in that area. Senator Dodd said that the Codel had been able to observe how 6000 people cross the Friendship Bridge each day in Ciudad del Este.

18. (SBU) Senator Chafee expressed his condolences over the recent loss of life in the Buenos Aires nightclub fire. He said that there had been a similar tragedy in Rhode Island, and that his state would be glad to share its experiences with Argentina (We have provided government of the City of Buenos Aires a copy of Rhode Island's legislative measures after its fire). Senator Chafee praised President Kirchner for maintaining a budget surplus, noting that the U.S. currently had a budget deficit. Kirchner bragged that he had always had a budget surplus during his 12 years as Governor of Santa Cruz. "Deficits are dangerous," he agreed.

Latin America: Haiti ...

19. (SBU) Senator Dodd commented that if there is one thing that Fidel Castro and Milton Friedman have in common, it is their negative opinion of the IMF. Turning to the situation in the region, Senator Dodd and Senator Nelson praised Argentina's decision to send troops to Haiti. Kirchner said Argentina wanted to avoid "total chaos" in that country.

110. (SBU) Kirchner opined that the situation in Latin America had improved somewhat. He said he hoped that when the Summit of the Americas takes place in Mar del Plata next November, the U.S.-Latin American relationship would be at another (i.e., higher) level. Kirchner said he would be receiving Uruguayan president-elect Vazquez later that day. He expressed his confidence that Vazquez would provide "continuity" to Uruguay.

... Bolivia ...

111. (SBU) President Kirchner told the senators that the GoA had been helpful to President Mesa of Bolivia. Mesa, Kirchner ventured, is a very good president -- Bolivia cannot hope for a better one. He has numerous problems, including an "archaic left" and a "confrontational right," and he needs support. Argentina is helping by buying gas. President Lula of Brazil is also helping. Bolivian stability is important to the region, Kirchner emphasized. (Comment: Thus President Kirchner has come a long way from his initial trip to Bolivia shortly after his election in 2003, when he met with Evo Morales and "did not have time" to meet with Mesa. End Comment.)

... and Venezuela

112. (SBU) On Venezuela, Senators Dodd and Nelson noted that they had just traveled to Caracas and had a meeting with President Chavez. Senator Nelson said that Chavez had said that he wanted a "new beginning" with the United States. Should the United States believe him? President Kirchner said that all countries have to work together to "integrate" Chavez into the Hemisphere. It is better to work with him than to exclude him. After all is said and done, Chavez listens. Kirchner is convinced that Chavez is less dangerous than is believed.

113. (SBU) The reality is that Chavez is the elected president of the Venezuelans, Kirchner continued. Chavez is neither a communist nor a socialist -- he (Venezuela) has important investments in the U.S. Better to have Chavez in MERCOSUR and talking to the U.S. and the EU than left out. Kirchner said Chavez "treats Argentine businessmen better than he treats us (the GoA)." Kirchner admitted that Chavez often tries Kirchner's patience. "He talks too much!" (Comment: Sources close to Kirchner have told us that the Argentine President was livid when he shared a stage with Chavez during the latter's last trip to Argentina and Chavez launched a 45-minute diatribe against the U.S. Kirchner reportedly said that he would never let that happen again. End Comment.) Kirchner believes that he and Lula can help democracy in Venezuela. He reminded that he had met with the Venezuelan opposition a number of times, including in his last trip to Caracas.

114. (SBU) As to the Venezuelan opposition, they need to analyze why they did not win the referendum and have to present an alternative, Kirchner counseled. "People sometimes choose the lesser evil," he said. "If the U.S. acts with intelligence, Chavez will be neutralized," Kirchner asserted. Senator Dodd said that President Uribe of Colombia shared that view. Kirchner ended the Venezuela discussion by reiterating that, "As I told President Bush, we will

collaborate with the U.S. to improve the situation in Venezuela."

Final Comments

15. (SBU) Consul Timerman noted that the U.S. Congress had been helpful for many years during the Argentine military dictatorships. He said Argentina wanted to attract more U.S. investment. Senator Dodd said it is important to continue to have a good dialogue with the U.S. through the Embassy and the Executive and Legislative Branches. He congratulated President Kirchner on emphasizing human rights and pursuing those guilty of the "Dirty War." "It is important for the young to understand what happened," he said.

16. (SBU) President Kirchner agreed that understanding the past is important and stressed that Argentina is indeed trying to do just that, but warned that it is a long process. Kirchner thanked the senators for their visit. He repeated his oft-stated description of Argentina "trying to get out of hell -- maybe we're close to purgatory." He said Argentina "treasures the U.S.'s understanding" of his country. He ended the meeting by saying he hoped to see the senators in Buenos Aires, Washington, or "in my favorite city: New York." (COMMENT: The meeting was extremely cordial. President Kirchner was relaxed and at ease with the Codel.)

17. (SBU) Codel Dodd did not have the opportunity to clear this message prior to its departure.
GUTIERREZ